

VZCZCXRO4471
RR RUEHCN RUEHGH
DE RUEHGH #0397/01 2610726
ZNY CCCCC ZZH
R 170726Z SEP 08
FM AMCONSUL SHANGHAI
TO RUEHC/SECSTATE WASHDC 7158
INFO RHEHAAA/NSC WASHINGTON DC
RUEHAC/AMEMBASSY ASUNCION 0001
RUEHBJ/AMEMBASSY BEIJING 2116
RUEHCN/AMCONSUL CHENGDU 1402
RUEHGZ/AMCONSUL GUANGZHOU 1373
RUEHHK/AMCONSUL HONG KONG 1556
RUEHUL/AMEMBASSY SEOUL 0228
RUEHSH/AMCONSUL SHENYANG 1396
RUEHIN/AIT TAIPEI 1209
RUEHKO/AMEMBASSY TOKYO 0364
RUCNDT/USMISSION USUN NEW YORK 0029
RUEHGH/AMCONSUL SHANGHAI 7744

C O N F I D E N T I A L SECTION 01 OF 03 SHANGHAI 000397

SIPDIS

STATE FOR EAP/CM
NSC FOR LOI

E.O. 12958: DECL: 9/17/2033

TAGS: [CH](#) [MARR](#) [MCAP](#) [PA](#) [PGOV](#) [PREL](#) [TW](#)

SUBJECT: SHANGHAI SCHOLARS ON CROSS-STRAIT RELATIONS: MA'S
LEADERSHIP, INTERNATIONAL SPACE, PRC'S DILEMMA

REF: SHANGHAI 127

CLASSIFIED BY: Simon Schuchat, Deputy Principal Officer, U.S.
Consulate General, Shanghai, Department of State.
REASON: 1.4 (b), (d)

¶1. (C) Summary: Shanghai academics are divided in their opinion of Ma's political skills, some claiming his distinct style of leadership creates complications for the PRC, which is frequently not consulted in advance of Ma's initiatives. The international space issue will take many years to resolve, as the PRC is internally divided and not convinced that pro-independence forces in Taiwan will not regain power in future elections. The PRC will block discussion of the issue at the upcoming United Nations General Assembly. Ma's "diplomatic truce" initiative is putting the PRC in a difficult position, as it wants to show goodwill to Taiwan but cannot "reject" countries that want to switch diplomatic relations to the PRC. The PRC is likely to accept Ma's proposal of August 24 to build more links between Kinmen (Taiwan) and Xiamen (PRC). The ARATS Chair will visit Taiwan and meet with his SEF counterpart in October or November, but the two sides may not be on the same page regarding the purpose of the visit. The academics expressed concerns about U.S. weapon sales to Taiwan and wondered whether the United States feels threatened by closer cross-strait ties. End summary.

¶2. (SBU) In a series of separate meetings in early-mid September, Poloff discussed cross-strait relations with Shen Dingli, Director of the Center for American Studies at Fudan University; Yan Anlin, Director of the Department of Cross-strait Relations, Shanghai Institute for International Studies (SIIS); Xin Qiang, Deputy Director of the Center for American Studies at Fudan University; and Shao Yuqun, Deputy Director of the Department of South Asia Studies, SIIS. Shen is often quoted in local press for his expertise on a wide range of international security issues. Xin's research focuses on U.S.-China relations, including relations in the context of cross-strait affairs. Shao was in the Department of Cross-strait Relations at SIIS until recently and still follows the issue closely, attending international conferences on the subject.

Divided Over Ma

¶3. (C) The academics agree that Ma has made vast strides in improving cross-Straits relations with his "flexible diplomacy", in sharp contrast with his predecessor Chen Shui-bian. However, they are divided in their opinion of Ma's skills as a political leader. Shen thinks Ma has shown himself to be "smart" with some of his initiatives, such as proposing a "diplomatic truce" with the PRC. Although Yan says Ma has so far "met his expectations" (see reftel) and remains optimistic about Ma's future performance, he does not think Ma is as strong as previous Taiwan presidents. He is still the "most influential" person in the KMT, but is more of a "political rock star" than an actual political leader.

¶4. (C) Although Xin recognizes the domestic pressure on Ma to achieve results in the international arena, he does not think Ma is "clever enough" to understand the Mainland's dilemma on some issues, such as international space and "diplomatic truce." Shao likewise criticized Ma's "habit" of announcing international initiatives without prior consultations with the Mainland, causing PRC leaders to scramble to come up with a response. She thinks he is "not a traditional Chinese leader", his views and mentality shaped by his experience in the United States. His decision to reach across party lines and appoint Lai Hsin-yuan head of the Mainland Affairs Council was an example of his unconventional way of thinking. Although he means well, he is naive and does not connect well with the general public since he would rather "tell the hard truth" (e.g., on Taiwan's economic condition) rather than "paint a beautiful picture", as other more experienced politicians would do.

No Space (Yet) for Taiwan

SHANGHAI 00000397 002 OF 003

¶5. (C) The academics believe Ma personally "does not really care" about the issue of international space but has to show his domestic audience that he is doing something to raise Taiwan's international standing. They are pessimistic about Taiwan's bid for international space, predicting there will be no breakthrough or significant discussion of the issue at the upcoming United Nations (UN) General Assembly since the PRC will "naturally" block such discussion. Foremost among PRC concerns is the stability of Taiwan's leadership. The PRC is not convinced that pro-independence forces in Taiwan have been significantly weakened. If the PRC gives too much now and pro-independence leaders come to power in the next presidential or legislative elections, what recourse will the PRC have?

¶6. (C) Furthermore, there are internal divisions within the PRC Government on how to deal with this issue. Although Chinese President Hu Jintao may personally be in favor of compromise, there are many hardline senior leaders who remain unconvinced that compromise will eventually lead to unification. According to Yan and Xin, the PRC Ministry of Foreign Affairs (MFA) and Taiwan Affairs Office (TAO) are also divided. The TAO is in favor of compromise, which they view as a "win-win" scenario, whereas the MFA sees things in "zero-sum" terms, still engrossed in its historical antipathy towards Taiwan.

¶7. (C) Shen argued that there is also a fundamental problem in allowing Taiwan to join UN specialized agencies, since this needs to be done under the One China principle, which would require a declaration of "which China". The "Chinese Taipei" nomenclature may have been possible for the Olympics, but it cannot be used for international organizations like the UN that require statehood.

¶8. (C) The academics believe the issue should be set aside for now. The focus should instead be on building greater mutual trust through closer economic and cultural ties. The two sides may sit down and revisit the issue again if relations continue to improve and Ma is reelected four years from now.

Dilemma Over "Diplomatic Truce"

¶9. (C) Like the issue of international space, the PRC Government is split between moderates and hardliners regarding Ma's "diplomatic truce" initiative, according to the academics. Xin thinks hardliners in the Chinese MFA are loath to accept this truce out of self-interest, since it is considered a "great achievement" to convince countries to switch recognition. Shen thinks it was a "smart move" by Ma since Taiwan, which is "outresourced" by the PRC, does not have many options. (Note: International media reported on September 12 that the PRC used USD \$300 million in foreign exchange reserves to entice Costa Rica to switch its recognition to the PRC last year. End note).

By taking the initiative, Ma was able to place the ball in the PRC's court to show goodwill towards the peace process.

¶10. (C) Xin and Yan argue that it is "understandable" for countries like Paraguay to want to switch recognition to the PRC since the PRC has more to offer right now. However, Beijing has been "self-restrained" in its reaction to Paraguay's overtures out of consideration for Taiwan. Illustrating Beijing's dilemma, Xin asked rhetorically, "If a country wants to switch recognition to the PRC, can we say no and turn them away?" He thinks Beijing will take incremental steps to build closer relations with countries like Paraguay, starting with greater economic cooperation.

Building Bridges

¶11. (C) The academics believe Beijing will respond positively to Ma's announcement on August 24 to build a bridge between Kinmen and Xiamen. Shen thinks the Mainland has been deliberately slow in responding to this proposal out of consideration for Ma's domestic position: if the PRC responds too quickly, it will lend ammunition to pro-independence forces in Taiwan and hurt Ma's political standing. Instead, the PRC needs to take its time and devise a "sophisticated response." Yan, however, argued that the delay is not necessarily out of

SHANGHAI 00000397 003 OF 003

consideration for Ma's domestic situation since Taiwan's opposition party would oppose Ma in any case. Rather, it is merely emblematic of the PRC's careful decision-making process, which is by nature slow unless the situation warrants an urgent response.

Questions About U.S. Intentions

¶12. (C) Some of the academics questioned the rationale for U.S. arms sales to Taiwan, Shen stating "it does not make sense" since cross-Straits relations have improved so much. Both Yan and Xin openly questioned whether the United States really wants to see Taiwan and the PRC develop closer relations. Xin cautioned against possible negative consequences for U.S.-China relations but added that weapons sales to Taiwan are "not a new thing" (i.e., the United States has been selling arms to Taiwan for years now), so the PRC will "accept it" in the end though it will continue to publicly oppose the move.

ARATS-SEF Talks

¶13. (C) ARATS Chairman Chen Yun Lin's visit to Taiwan in October or November would be a positive step, said Yan, since this would be the first such visit since 1999. Chen will meet with his SEF counterpart P.K. Chiang, and they may sign several agreements though the contents of the agreements are not yet clear. Yan thinks both sides may have "different interpretations" of the purpose of the visit, with the Taiwan side misconstruing it as an occasion to forge a broader peace agreement.

Tsai's Recent Visit to the U.S.

¶14. (C) Shao mentioned that when Taiwan's Democratic Progressive Party Chair Tsai Ying-wen recently visited the United States and spoke at a seminar at the Center for Strategic and International Studies (CSIS), one of Shao's colleagues

currently doing research at CSIS was not allowed to attend, the first time this has happened. Shao speculates this was because her colleague is from the Mainland, and CSIS wanted to avoid any potentially embarrassing situation during Tsai's visit, keeping the occasion low profile. Tsai reportedly commented that the United States is "too optimistic" about the future direction of cross-Strait relations.

Comment

¶15. (C) Although Shanghai academics see cross-Strait relations generally moving in the right direction after Ma took office, and they acknowledge the benefits of some of Ma's overtures to the Mainland, they see him mostly as a step up from his predecessor Chen Shui-bian rather than someone capable of navigating some of the more difficult issues at hand, such as international space.

CAMP